

***INSIGHTS INTO MIGRATION AND SPENDING PATTERNS  
BASED ON A SMALL-SCALE STUDY OF GARMENT  
WORKERS IN PHNOM PENH***

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# **Insights into migration and spending patterns based on a small-scale study of garment workers in Phnom Penh**

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## **Abstract:**

The Cambodian garment industry in Phnom Penh; employing as many as a quarter of a million people could be seen as a success story. Workers are in domestic terms paid at decent rates and their employments have had an important impact on their but also their rural families' standards of living. Against the background of the phasing out of the MFA, income linkages from the garment industry have recently received much attention. One of the most important of the studies undertaken is a major survey carried out under the auspices of the Asian Development Bank (ADB), which considers the income and expenditure patterns of garment workers as well as the effect on rural livelihoods of remittances. This working paper has been carried out with a view to adding to the extensive study initiated by the ADB by the help of a much smaller survey intended to shed light on some of the underlying mechanisms only indirectly addressed by the larger survey. The most important insights from this study include that any research into migration and spending patterns must recognize the fact that migration requires some kind of financial resources. It has been shown that the migrant sending households have access to resources and credit markets and consequently are not among the poorest ones. The study has also shown that although the garment workers' salaries at first glance may appear relatively high their living expenses and remittance obligations do not leave them with much more than a subsistence living. Additionally the study has pointed out that one must be cautious in trusting one-sided data as mirroring data showed that there are large discrepancies in between both quantitative and qualitative answers from garment workers and the remittance-receiving households. Finally the study has indicated that the motivation for migration and the use of remittance money is likely to be very different depending on work activities and natural conditions of the migrant-sending destination.

**Keywords: Cambodia, Garments, Linkages, Migration  
JEL codes O12, O15, O18**

## Introduction

The Cambodian garment industry, which has increased its employment from a few thousand a decade or so ago to about a quarter of a million in 2004, represents something of a success story. It is all the more so since Cambodian factories offer comparatively favorable conditions of work. Garment workers here enjoy better pay than do their counterparts in most competing economies. Similarly, work standards are monitored so as to meet the requirements both of international agencies such as the International Labour Organization (ILO) and retailers, sensitive to the demands of customers in the industrialized world. Indeed, the quotas imposed under the Multi-Fiber Agreement (MFA) have been expanded as Cambodia has become better able to secure minimum wages and standards, with both the US and the European Union taking a favorable stance on accepting increased Cambodian exports.

The rapidly expanding openings for workers, paid at decent rates not least as gauged as nominal formal sector pay elsewhere in Cambodia, have had an important impact on the incomes and standards of living of a large number of people. Not only the workers employed by the factories, most of which are located at Phnom Penh, but also their families, many of whom reside in the countryside, are believed to have benefited from these developments. A widely circulating figure, the source of which however remains unclear, suggests that about a million out of Cambodia's population of about 13 million depend on the wages earned in garment factories.<sup>1</sup> No other part of the formal sector is as important an employer as is the export-oriented garment sector.

Yet, the phasing out of the MFA on January 1, 2005, may in due time undo most of the gains. Almost a year into the post-MFA regime, several countries have seen dramatic changes with production and exports falling dramatically, Nepal being a case in point.<sup>2</sup> Cambodia stands out as particularly vulnerable in this regard: few economies are as dependent on this type of manufacturing and the export earnings it generates. Thus, proportionally only Lesotho and Haiti are as dependent on it as is Cambodia.<sup>3</sup>

Should also Cambodia suffer from a collapse in demand for its garment exports, the effects are likely to be quite dramatic. Those directly employed in the garment industry appear to better off than many other Cambodians, even though the extent to which this is true remains uncertain. As the rather impressive levels of economic growth, averaging 5-6 percent annually over the past decade or so, are yet to filter down to the great majority of the population, the fortunes of the main formal sector employer is of some consequence.<sup>4</sup>

Against this background, it is of considerable interest to examine the income linkages that employment in the 200 or so textile and garment factories that have been set up in Cambodia have created— and what might be happen should this industry experience a dramatic decline in the post-MFA world. It is to this issue that this working paper is addressed.

As the garment industry is of great importance to the Cambodian economy, it has of course attracted much attention. However, inquiries into the role and nature of income

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<sup>1</sup> Chea and Sok (2003); Cattaneo and Marniesse (2004, p. 52)

<sup>2</sup> Johnson (2005, p. 6)

<sup>3</sup> World Bank (2005, p.124)

<sup>4</sup> Sjöberg and Sjöholm (2005, p. 23)

generation provided by this industry are rather few. The arguably most important of these is a major survey carried out in two stages in 2003-2004 (and recapitulated in 2005) under the auspices of the Asian Development Bank; besides considering the income and expenditure patterns of garment workers it is also the only one that tries to systematically address the effect on rural livelihoods of remittances of formal sector employment in urban areas.<sup>5</sup> Today, such flows of resources are often seen as one of the main vehicles to improve the standard of living of the poor.<sup>6</sup>

The work reported here has been carried out with a view to adding to the extensive study initiated by the ADB. By the help of a much smaller survey, it intends to shed light on some of the underlying mechanisms only indirectly addressed by the larger survey. Similarly, there are also a few issues that have been over looked or only superficially touched upon. This early report, which is essentially descriptive, primarily focuses on workers who have left other parts of Cambodia to work in the factories of Phnom Penh. As such, it has made use of the possibility of collecting mirror data from the households from which some of the workers originally set for work in the Cambodian capital.

## Where do we stand?

In early 2004, the modern textile and garment sector of Cambodia provided as many as 250,000 jobs, 90 per cent of which were filled by women.<sup>7</sup> Following the closing of a small number of factories in 2004, about 230,000 to 240,000 jobs were still available at the end of that year.<sup>8</sup> With the exception of the traditional silk-based industry and garment producers along the border to Thailand targeting the lower end of the Thai market, most of the 200 or so foreign owned factories within the textile and garment industry are located in or nearby Phnom Penh.<sup>9</sup> In terms of employment, it is the country's biggest industry, and one that largely employs rural in-migrants. It is therefore of critical importance not only for the economy of Phnom Penh, but also many a village in the countryside. The resulting income linkages are all the more important as the industry so far has created virtually no backward linkages to the local economy.

Over the years quite a few studies have been made focusing the industry and its workforce. An early survey conducted by the Cambodia Development Resource Institute (CDRI), reported in Sok *et al.* in 2001 noted the rapid growth and its importance not only to export earnings but also for incomes in Phnom Penh and beyond. It was attractive enough; it was noted, to make aspiring workers pay for the privilege of being hired, the cost being equivalent to about a month's wage. Other studies have followed suit, but for the most part they have focused on either working conditions, the industry as such or its macro-economic impact.<sup>10</sup> Recently, the effects of the removal of the MFA have also been monitored. As yet, the impact is more benign than originally feared, with exports registering an increase of about 10 percent over 2004 as gauged at a point seven months into the first post-MFA year.<sup>11</sup> Positive as this somewhat unexpected development is, it should be said that it also

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<sup>5</sup> ADB, (2004a,b and 2005)

<sup>6</sup> See Kapur (2004)

<sup>7</sup> Cattaneo and Marniesse (2004, p.10; 50)

<sup>8</sup> Keo and Seng (2005, p. 75)

<sup>9</sup> See Murshid and Tuot (2005)

<sup>10</sup> See Chea and Sok (2003); Bargawi (2005)

<sup>11</sup> Oum *et al.* (2005, p. 10)

represents a non-trivial slowing down in an industry accustomed to expanding at rates three times as high or so.

The main exception to the above identified relative lack of information on the income effects of this important industry is the socio-economic survey of garment employees which was carried out by the Cambodian Researchers for Development (CRD) on behalf of the Asian Development Bank (ADB) in 2003-2004.<sup>12</sup> Based on information collected from a total of 1,538 employees drawn from ten representative garment factories, the survey had access to a representative sample of garment workers in Phnom Penh. As such it is something of a pioneer, the aim of which was to establish a profile of typical garment sector employees. It also covered the working environment in the factory. The survey used a combination of qualitative and quantitative methods of data collection, using structured interviews plus focus groups and a questionnaire survey, respectively. By virtue of its size and coverage, the survey and the returns it yielded have become the main source of knowledge of those engaged in the industry. It is quite natural therefore, that it is the logical point of reference for the present report.<sup>13</sup>

Widely known as the SESGEC survey, findings include the observation that 90 percent of the garment workers are females, most of who come from large households: 78 percent of the employees in the surveyed factories however came from households composed of 4 to 9 people. Further, it was found that most came from rural areas; the top three migrant sending provinces were found to be Kampong Cham, Kandal, and Prey Veng. These are three of the most densely populated provinces in Cambodia situated within the Mekong River plain and thereby suffering yearly natural disasters affecting rice production and livelihoods built around small holder farming of this crop.

Over half the garment workers were found to have a partial elementary education, but many had did not complete primary school or had no education at all; only a small percentage had been enrolled in secondary school or higher. As many as 74 percent were found to be below 25 years old, with initially low skill levels. Often the young men and women were found to migrate in groups and have relatives and neighbors from the same village employed in garment factories. The reason to come to work in the garment factories seemed to be a lack of other economic or livelihood opportunities. For a majority of those surveyed, the garment industry was not the long-term choice as far as employment and income earning activities were concerned. More than 50 percent of the surveyed garment industry employees indicated that they wished to start their own business, and around one-third wished to return home.

The survey found that employees did not tend to talk in detail about their personal job searching experiences. Garment industry workers showed little job mobility and, once employed, on average they stayed in the same position and factory for several years. Only a small percentage had changed factories. Unlike the earlier survey carried out by CDRI, the SESGEC survey did not reveal any consistent evidence of payment to gain employment.<sup>14</sup> As a rule of thumb, however, and in keeping with the earlier results, it was suggested that if it occurs the standard is that one monthly salary is paid in order to attain employment.

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<sup>12</sup> ADB, (2004a; 2005)

<sup>13</sup> For the purposes of this study, however, the findings related to working environment will for the most part not be used.

<sup>14</sup> Sok *et al.* 2001

Furthermore, employees at several factories stated that men usually have to pay higher commission fees) than did women to secure employment.

Focus groups identified medicine costs as a major item of expenditure for many employees. Other significant outlays included basic living expenses and sending money home to their parents. Monthly income, including overtime pay, ranged from USD 50 to USD 75 for most of the respondents. The cost for basic living was usually found to be in between USD 20 and USD 40. Major expenses were (1) food, (2) housing, (3) clothing, (4) medicine, (5) transportation, (6) utilities, if not included in housing, and (7) recreation. Almost 90 percent of the respondents remitted money to their families. Remittance obligations were found to be strong and the amounts remitted were a significant part of workers' income. Amounts remitted to the family ranged between USD 10 and USD 30 per month or ranging from around USD 20 to USD 40, depending on which edition one refer to (SESGEC Phase I or phase II). Employees seemed to pay as little as possible on supporting themselves to be able to remit more money to their families.

The second stage of the study, conducted at the household level and known as Phase-II, was carried out in Kampong Cham and Prey Veng with a total of 192 households surveyed and 77 participants in focus groups.<sup>15</sup> The family on average received USD 20-40 per month from each garment worker. Although impacting urgent needs, remittances were not found to significantly improve the standard of living of the households. The top three uses of remittance money was found to be buying food, repaying debt, covering medical expenses and purchasing seed and fertilizers. Money was also used for sibling's schooling, house improvements, savings and consumer goods. The most significant impact of remittances was found to be the amount and quality of food consumed and to pay off debt. A negative effect was the loss of farm labor, but the remittance typically more than compensated the cost of hired help.

Despite the fact that the ADB survey includes insights from focus groups and interviews it seems as if most conclusions are drawn from the questionnaire sample. It would therefore be of interest to confirm and/or supplement the results of the work organized by the ADB. For instance, the survey does not report on specific expenses, rather basic living costs are accounted for jointly. The survey furthermore completely leaves out questions on investments into migration as such. Had that been included, it could have provided additional insights into the reasons and prerequisites for migration in general and for internal migration to take up jobs in the garment industry in Phnom Penh in particular. It could conceivably also have shed some light on who is leaving for a job in town: what type(s) or segment of households have the incentives to send members to the garment industry and who are able to do so? Possibly related to this, the manner in which the recruitment process works would also be of interest.

Shifting the focus to Phnom Penh, it would be useful to know to what extent wage income covers living expenses, if there is any relationship between income and amounts remitted, and so on; in the survey as reported this is not discussed in any detail. Garment workers were not asked about how the money remitted home was used; since Phase II was not a true mirror study there is no link at the individual level between garment industry workers surveyed and the households and participants in focus groups covered by the Phase II survey. This is a concern not only because it makes it difficult to analyze the ends to

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<sup>15</sup> ADB (2005)

which money remitted home are used, but also because it is an opportunity foregone as far as cross-checking of survey returns are concerned.

This, therefore, is what the much smaller survey reported in the following tries to do. Using the returns from two scores of interviews with garment workers in Phnom Penh and a follow-up with the family back home of 25 percent of that sample, it sets out to shed some light on the above issues. Given the size and restrictions with respect to statistical representativity, it can of course neither verify nor challenge the results of the surveys conducted under the auspices of the ADB. However, a small survey of this type may help in providing some additional pointers with respect to a number of the issue raised above.

## Method

The method used is a field study with both qualitative and quantitative aspects. Five weeks were spent by the author in Phnom Penh interviewing garment workers, remittance receiving households as well as relevant organizations and industry representatives to gain a deeper understanding of the underlying mechanisms and to cross-validate findings.

The survey considered a sample of 41 garment industry employees from eight different factories. Interviews with workers employed in the textile and clothing industry have been based on a convenience sample where all respondents that could be accessed by the author were selected.<sup>16</sup> Visiting interviews were undertaken where respondents, after having been asked for a time of their convenience, were approached in their home together with a Khmer translator with previous experience of interviewing garment workers. Respondents were asked questions after a forehand structured questionnaire. The questionnaire made it easier to pose open questions while ensuring that comparisons could be made.<sup>17</sup> The open-question questionnaire really adds to the strength of this research as a complement to the previous ADB research which was based on a questionnaire with a set of given answers where all that applied was indicated. By posing open questions the answers reflect what the respondents esteemed to be important and it is their answers, rather than the author's questions that have shaped the different categories that are displayed. 30-45 minutes were spent on each interview. Deeper interviews were undertaken with some of the respondents whose stories raised additional questions.

Eight households from three different villages in the two provinces of Kampong Cham and Prey Veng were also studied. Since the two provinces are major migrant senders into the garment industry at the same time as their natural conditions differ substantially these provinces were chosen to gain some insights into different reasons for migration and use of remittance money. The remittance-receiving households were found by traveling to the chosen provinces together with previously interviewed garment workers that led the way to their families. This type of mirroring data has to the author's knowledge not been undertaken before. It allows for control of responses and provides additional insights into the mechanisms at work. A forehand structured questionnaire was used also for the household interviews. The household member available (most often a parent or "guardian") was the one answering the questions and the garment worker was asked not to be present during the interview.

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<sup>16</sup> Trost (2001, p. 30; 35)

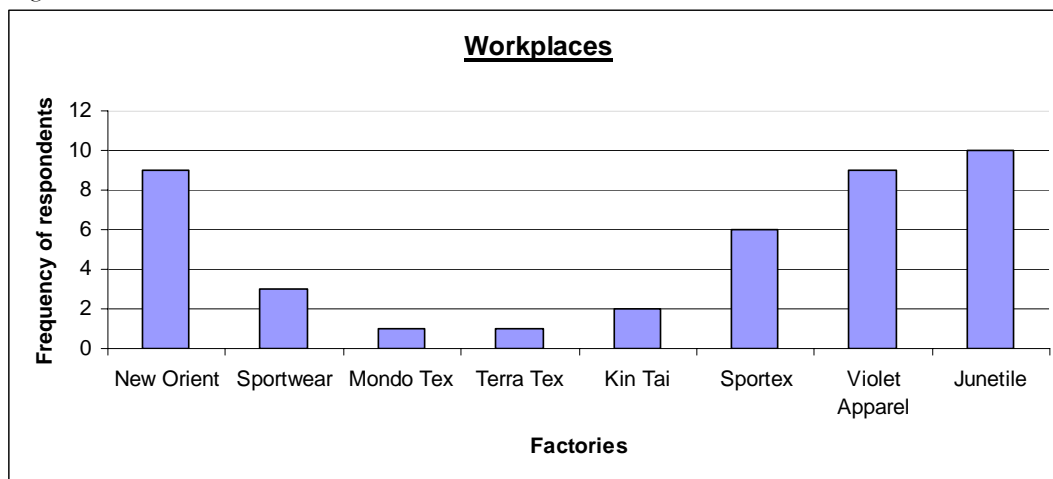
<sup>17</sup> See appendix

## Sample characteristics

The following section presents descriptive statistics from the interviews with garment workers. Where appropriate, insights from interviews with factories, organizations and households are added. The numbers and percentages reported are in most cases rounded to the nearest whole number for simplicity. Cost calculations that have been made were made using the exchange rate of 1 US dollar = 4000 Cambodian riel. This exchange rate was chosen as it is the one used in the streets of Phnom Penh as well as by the garment workers when they added up their expenses.

The survey sample represents a total of eight garment factories. The factories are located in three different areas of Phnom Penh; New Orient in one location, Violet Apparel and Junetile in another and the remaining in yet a third location. Mondo Tex and Terra Tex should probably be classified as textile factories rather than garment factories.

Figure 1



The average respondents had worked in their current factory for more than 2 years and 7 months, with actual levels ranging from 2 weeks to 8 years. 76% of the respondents had no previous work experience in the garment industry before their current workplace. The remaining respondents had worked for shorter periods in another garment industry; ranging from 1 month to 6 years. The average over the group was 1 year and 2 months in another factory before the current employment. Whether or not previous experience from the garment industry is a benefit or not when looking for new employment is debatable. At the Non-Governmental Organization (NGO) Womyn's Agenda of Change (WAC) it was claimed that it is not easier for workers to get a job in a factory if they have previous experience from the industry. Rather it is the opposite as employers do not want to hire a girl who has been in another factory because they then fear that her health will be bad and that the worker only will cause them trouble. They prefer to hire the young rural girls from the provinces that come to the factories for the first time with good health.<sup>18</sup> Ros Harvey at the ILO contrarily did believe that previous experience from working in a factory is a benefit when seeking a new job, unless a worker comes from a factory that has had a nasty labor dispute. Then other factories are likely to discriminate against workers from this factory.<sup>19</sup> People with experience from earlier jobs are hired first at the factory Kin Tai. These workers

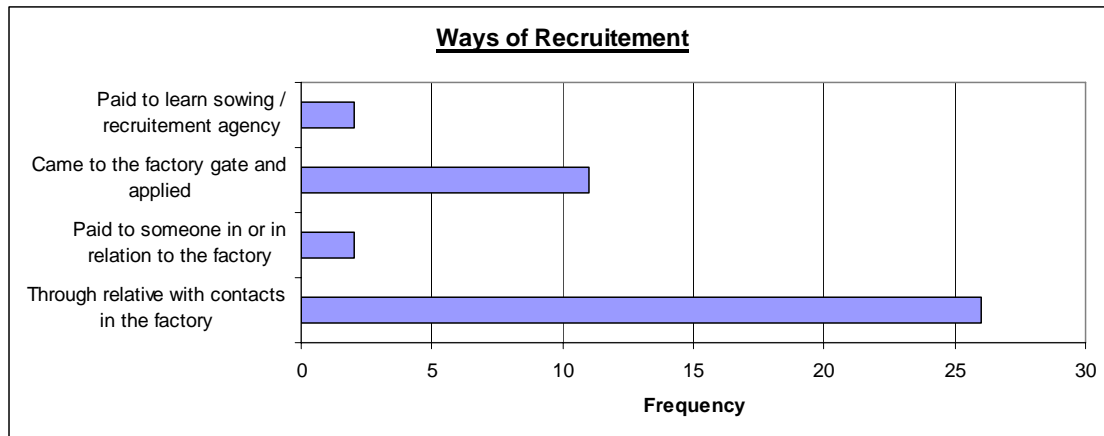
<sup>18</sup> Interview Sim Socheata, WAC

<sup>19</sup> Interview Ros Harvey, Chief Technical Advisor ILO



can start working for USD52 per month, which is USD7 more than the salary for an inexperienced worker. Older people are however not given higher pay.<sup>20</sup> Sok Chan Chorrvy at the Ministry of Women's Affairs (MOWA) claimed that girls with previous experience from the industry are likely to have a better chance of being employed if they apply for the same type of task.<sup>21</sup>

Figure 2



The sample however did not mention previous merits as a way to recruitment. As many as 63% of the respondents stated they got their job through a relative. The relative was often a cousin, a sister or a neighbor from the homeland that worked in the factory or knew someone in the factory and in some cases a food seller or moto taxi driver who heard the factory was recruiting and spread the word. Worth to mention is that the ones that were employed by going to the gate in most cases came together with someone; a friend, a cousin or another acquaintance. The young women are believed to be more dynamic and willing to migrate if they have a network or social contacts in Phnom Penh; “As groups, girls all want to leave their village”.<sup>22</sup> Research has shown that women rely more on social networks when migrating than men do. In the case of the garment industry this is believed to be an effect of the traditional structure of the Cambodian society. A woman without a network is seen as an easy prey without any security. Women furthermore tend to have closer relationships to family than men and therefore to a larger degree tend to rely on social networks.<sup>23</sup> Most households interviewed said that they had some contacts in the garment industry in Phnom Penh before the migration. At the ILO the Chief Technical Advisor had heard of no recruitment taking place in the provincial villages, simply because there is no need for the factories to do this. Factories simply recruit from the factory gate.<sup>24</sup> In one factory that was visited the recruitment was done by putting up an announcement on the gate and then people line up at the gate. Workers do a test and the best skilled get hired. Job seekers do not have to pay money to get the job according to the union leader but workers may ask if their relatives can come and work as well. It is common that workers introduce relatives that also start working in the factory according to the Director of the factory.<sup>25</sup> In another factory the workers could also ask their relatives to come and work if the company only needed a few

<sup>20</sup> Interview Kin Tai Garment Co., Ltd

<sup>21</sup> Interview Sok Chan Chhorvy, MOWA

<sup>22</sup> Interview Kang Chandarot, Cambodian Institute of Development Study (CIDS)

<sup>23</sup> Interview Bruno Maltoni, Royal University of Phnom Penh

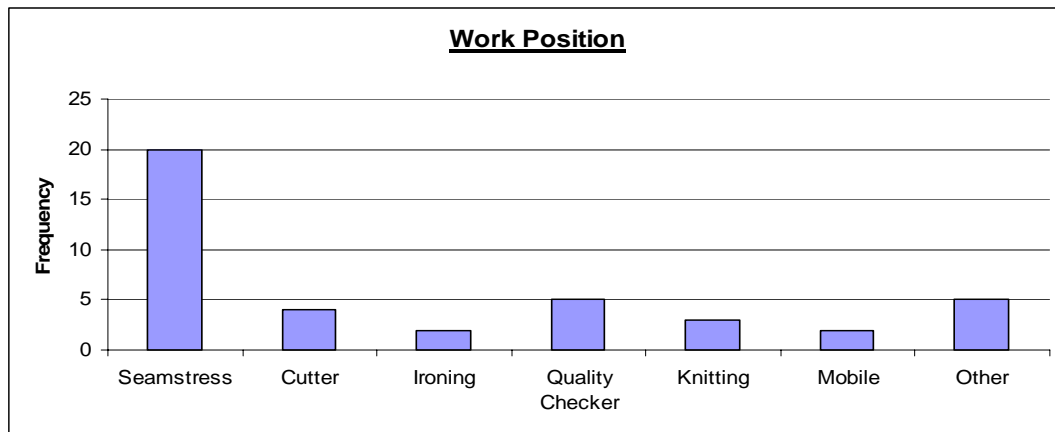
<sup>24</sup> Interview Ros Harvey, ILO

<sup>25</sup> Interview New Orient (Cambodia) Garment Co., Ltd

workers, but if the factory needed to employ more than 10 workers they put a poster on the gate. According to an administrator it happens that people give a little bit of money to workers already employed in the factory in order to get a job so some workers make a business outside the factory by accepting money from job seekers. This is however not part of the factory policy and the factory “does not know about it”.<sup>26</sup> If this type of recruitment process is somewhat similar to other factories it explains the high frequency of people being employed by coming to the gate or through a relative.

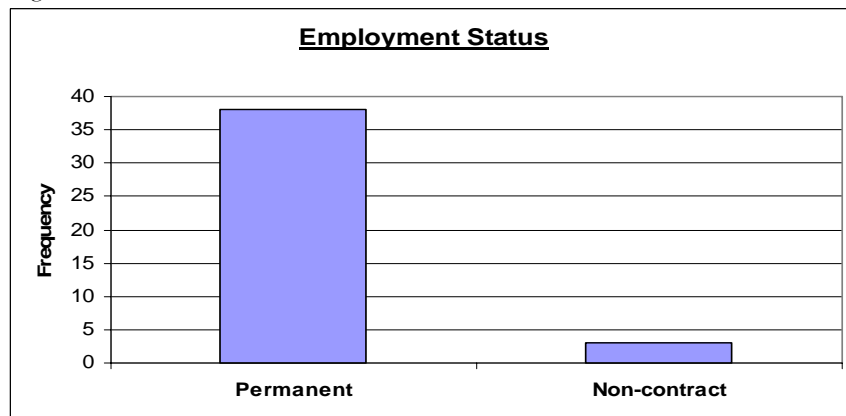
Visits in two of the garment factories revealed a number of different positions or work tasks, including cutting, sewing, trimming, washing, ironing and packaging. Other tasks mentioned were stock work and de-winding of cloth.

**Figure 3**



Almost 50% of the survey respondents worked as seamstresses. The mobile workers switch in between positions to sections where the need of labor is the highest for the moment. Other positions held in the sample were trimming, folding, material controlling, packaging and pattern drawing.

**Figure 4**



In the sample as many as 93% were permanent worker while the others worked as non-contract or probation workers. In Kin Tai factory new workers are trained for 3 months during which they get USD40 per month. From the fourth month they get USD45 per month and become permanently employed.<sup>27</sup> Garment workers reported being trained in

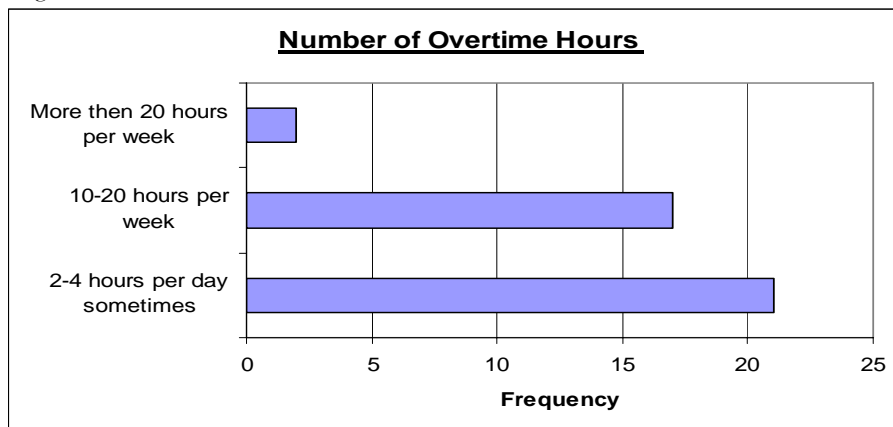
<sup>26</sup> Interview Kin Tai Garment Co., Ltd

<sup>27</sup> Interview Kin Tai Garment Co., Ltd

between two days and 3 months in their factory. According to the Cambodian Labour Law casual employees must be paid the same and treated the same as regular employees.<sup>28</sup> One non-contract worker however told that she was paid USD40 and the remaining USD5 was given as a bonus if she had no late arrivals or any absence from work.

Two hours of overtime per day is the legal limit and the absolute standard according to Ros Harvey at the ILO. 75% of the garment workers in Phnom Penh are doing 2 hours overtime per day. Two thirds do excessive overtime; that is more than 2 hours per day. This is seen as a big problem. One third of the workers are considered to be forced by their employer while two thirds work voluntarily because they need the money. According to Ros Harvey some factories that do not offer a lot of overtime work even risk losing their labor because workers want to go to factories where they can work more overtime and hence earn more money.<sup>29</sup> All survey respondents reported to work 8 hours a day 6 days a week. Common working hours were 8 am - 4 pm. Only 1 of the respondents never worked overtime while the others all worked overtime sometimes, ranging from 1,5 hours per day to 8 hours per day of overtime.

Figure 5



Many respondents could not say exactly how much overtime they worked since it depends on their factory's needs. The majority therefore answered that they worked 2-4 hours "sometimes" or in "busy periods". Someone who reported to work 2 hours of overtime sometimes estimated this to occur 2-3 days a week. The girls who reported to work more than 20 hours per week had normal working hours in between 2 pm – 10 pm and if asked to work overtime they would either stay to work 8 hours in between 10 pm-6 am or 6 am - 2 pm the following day until the beginning of their new shift. The garment workers work overtime to earn more money. This is good for economic growth but also cause social problems such as health problems and violence and harassment of workers going home at night according to MOWA.<sup>30</sup>

In the sample of garment workers all but 4 respondents were females; i.e. 90 % were females. This outcome is similar to the overall distribution since 90% of the garment workers in Phnom Penh are considered to be women. A number of different possible reasons for this feminization of the workforce came up during the field work. The traditional role of women in Cambodia (cleaning, preparing, caring etc) suits the jobs available in the

<sup>28</sup> International Labour Office (2005, p. 8)

<sup>29</sup> Interview Ros Harvey, ILO

<sup>30</sup> Interview Sok Chan Chhorvy, MOWA

city and not many men do sewing.<sup>31</sup> Also in the factory New Orient 90% of the workers are women. The reason is believed to be that men don't like to do a female job like sewing.<sup>32</sup> The gender segregation in the workforce is due to the fact that women typically sew and might possess earlier skills according to Ros Harvey at the ILO. This is a type of indirect discrimination where females are regarded as better suited for the job. There is also a direct discrimination of men because of employers' fear that men will join the unions and lead strikes and cause disputes.<sup>33</sup> WAC also believe a reason for the high frequency of female garment workers is that the employers do not want men because they fear protests against working conditions and girls are believed to work faster. Another reason is believed to be that the girls often work to support their brothers' schooling.<sup>34</sup> The young women are more likely than the young men to find a job due to the mere existence of the garment sector so therefore families prefer to send their daughters over their sons to Phnom Penh according to MOWA, enforcing the feminized labor structure.<sup>35</sup> Respondents age ranged from a girl who "just turned 18" to a woman of 37 years old. The average age of the sample was 24 years which reflects the fact that most garment workers are young women. The large majority of the respondents, or 66%, were under 25 years old.

Figure 6



8 of the respondents were married and 3 were either divorced or widowed. Hence 73% of the respondents were single. Of the married or divorced respondents 9 had children. On average each garment worker had 2 children. In all but two cases the children did not live with the garment worker, instead they lived together with the grandparents or the garment worker's husband in the province.

<sup>31</sup> Interview Sok Chan Chhorvy, MOWA

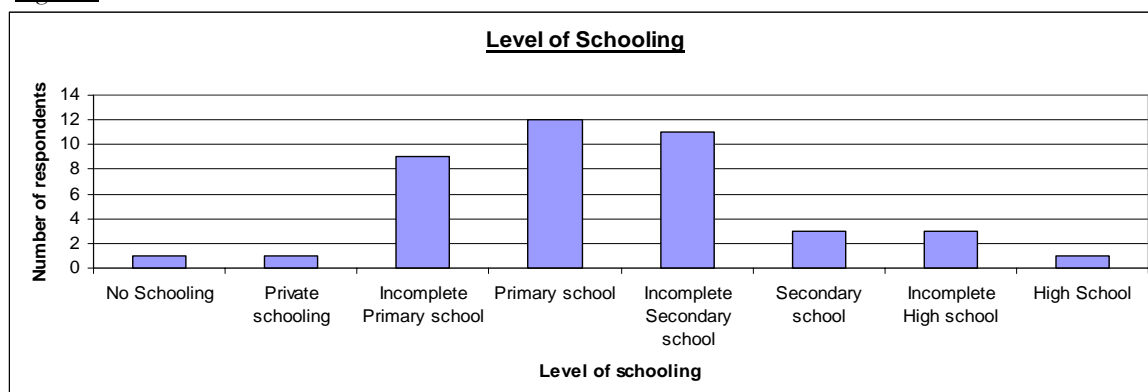
<sup>32</sup> Interview New Orient (Cambodia) Garment Co., Ltd

<sup>33</sup> Interview Ros Harvey, ILO

<sup>34</sup> Interview Rosanna Barroso, WAC

<sup>35</sup> Interview Sok Chan Chhorvy, MOWA

Figure 7



Most respondents had a very low level of education. Only 17 % of the sample had completed secondary school and more. One girl who quit school after having finished primary school said she was too lazy to continue to study. Another girl with an incomplete primary school education said she had to quit school because the family was too poor to provide her with the books, clothing and material needed to go to school. Girls are easily exploited due to their low levels of education according to MOWA.<sup>36</sup> The majority of the respondents should however be literate given their educational background.

The sample came from a total of 10 different provinces out of the Cambodian total of 25 provinces. Only one of the respondents originated from Phnom Penh, otherwise all the others were internal migrants into the capital. The large majority of the respondents originated from neighboring provinces in the south close to Phnom Penh. The largest frequency of respondents came from Prey Veng, Kampong Cham, Takeo and Kandal which are all provinces situated around Phnom Penh.

Figure 8



Source: [www.mag.org.uk](http://www.mag.org.uk), 9th December 2005

Since most garment workers are internal migrants who have migrated from their province of origin to Phnom Penh it is interesting to look into their reasons for migration more in detail. Not many women come from the provinces so seek work in Phnom Penh elsewhere than in

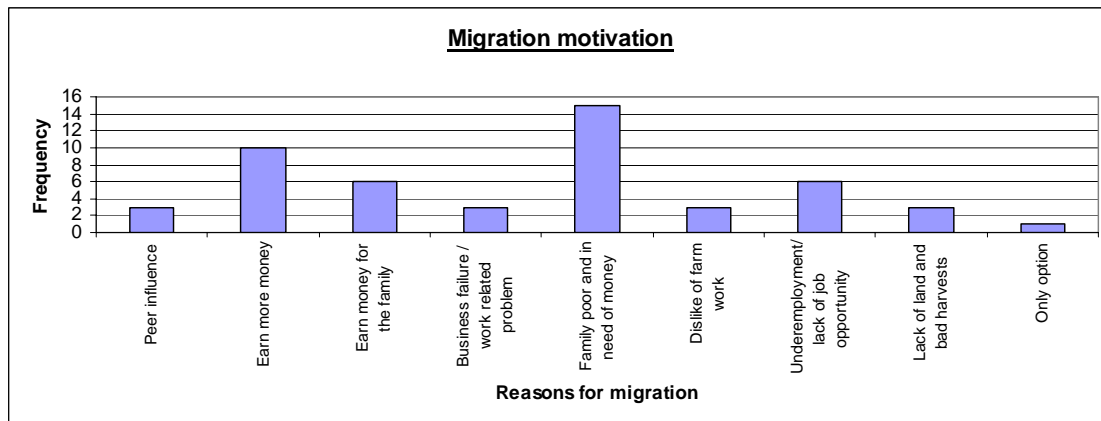
Table 1

Province	Frequency	Percent
Banteay Meanchey	1	2 %
Battambang	1	2 %
Kampong Thom	2	5 %
Kampong Cham	9	22 %
Kampong Speu	1	2 %
Prey Veng	11	27 %
Takeo	8	20 %
Phnom Penh	1	2 %
Kandal	6	15 %
Kampot	1	2 %
<b>Total</b>	<b>41</b>	<b>100 %</b>

<sup>36</sup> Interview Sok Chan Chhorvy, MOWA

the garment industry according to the MOWA.<sup>37</sup> To stretch it further the garment factories can be considered to be “the only pull factor” for migration into Phnom Penh.<sup>38</sup> The survey revealed a number of different reasons for migrating to seek job in the garment industry. Some can be found to be *push factors*; such as bad harvests and land that cannot support for the whole family, business failures and lack of job opportunities while others can be identified as *pull factors* such as the prospect of a higher salary in Phnom Penh than what can be offered in the rural areas. Many respondents gave several different reasons to why they had migrated to work in the garment industry in Phnom Penh and their answers were thereby sometimes categorized into several different reasons and the total frequency therefore adds up to more than the sample size.

Figure 9



Most respondents stated that the main reason was that they saw that their family was poor and needed the money. Others had migrated to earn more money for their own future. The two categories “Earn money for the family” and “Family poor and in need of money” might seem very analogous and probably are, but while most respondents explicitly stated that the family was poor others just said that they wanted to help the family to earn more money without mentioning any specific need. Many respondents also seemed to have migrated due to underemployment in the rural areas and some because they did not like the hard work in the fields growing rice. “Business failure” refers to respondents who used to have a small business in the province that failed since their customers bought on credit without paying them back. One respondent had worked for a ministry in the province and migrated after a work-related problem she did not wish to tell about. In deeper conversations some girls also confided problems of domestic violence and alcoholism in the province. This is a likely push factor that is not likely to come up directly when workers are asked about their different motives. “Peer influence” refers to women who said that they decided to go because they saw other people go. This supports the hypothesis that young people migrate to find out if the information they get about the migration destination is true.<sup>39</sup> Often young women migrate due to pressure from the family and also due to pressure from peers, since migration has steadily increased and together with it the living standard of those that have migrated.<sup>40</sup> More than three out of four respondents stated that it was their own decision to come to Phnom Penh’s garment industry. Only three respondents said that it was their family that

<sup>37</sup> Interview Sok Chan Chhorvy, MOWA

<sup>38</sup> Interview Bruno Maltoni, Royal University of Phnom Penh

<sup>39</sup> Interview Kang Chandarot, CIDS

<sup>40</sup> Interview Sok Chan Chhorvy, MOWA

asked them to go or who came up with the idea. However, the own decision making was almost always mentioned in close conjunction with statements like “I decided to go...because I saw that my family was poor and needed the money”. This could either be interpreted as altruistic behavior on the part of these young women or one might suspect that there is some kind of other mechanism at hand, such as pressure or expectations from the family. Interestingly the mirroring data revealed that there was controversy regarding the decision making in between the garment workers and their families. The grandmother to one of the worker’s said that she decided that the granddaughter should move even though the worker said it was her own decision. The grandmother however added that she took this decision because the granddaughter wanted to go to help her grandmother. Others said that the daughter was the one who wanted to go but that they gave the permission or decided to let the daughter go. A lot of girls and young women migrate out of necessity to get money and support to their families according to WAC. They estimate that a minority of households force their daughters to go to Phnom Penh to work in the factories, rather the majority of the girls choose or volunteer to go to earn money for themselves and their families since it lies in the Cambodian culture and notion of womanhood that the women are caretakers and providers of the family.<sup>41</sup> The administrator in Kin Tai garment factory believes that it is the workers own decision to come to the factory but they come because it will give their family a better living standard.<sup>42</sup> To go to the factory is believed to be seen as a “mission” where you for a limited period can help your family.<sup>43</sup> It could also be described as “an offer you can’t refuse” where the woman decides that she wants to go but really has no other choice.<sup>44</sup> Many of the reasons given imply that migration often is somewhat of a household decision, even though this seldom is stated explicitly, where the economic and agricultural situation of the family necessitates migration of one or several family members.

## **Income, expenditures and investments**

The wage levels must be considered with respect to the overtime worked. As stated above 98% of the respondents worked overtime. The industry is furthermore heavily piece rate dominated and the piece rates are different for different positions. The piece rate must however always be brought up to the minimum wage, regardless of the position.<sup>45</sup> The legal minimum wage is USD45 per month and the average workers’ salary is USD72 per month according to the ILO.<sup>46</sup> The average monthly salary over the sample amounts to USD63, with actual wages ranging from USD40-USD120. Many respondents answered in intervals since the salary often is based on piece rates and thereby varies with their productivity, as well as with the number of overtime hours worked. The mean of the interval was used to calculate an average for the sample.

The ILO has no position on what is a reasonable level of salary needed for an adequate standard of living, but the union FUTWKC claim that workers would need USD85 per month in order for them to lead a decent life.<sup>47</sup> Most workers had no personal comment to give about their salary. 40% of the respondents however wished for a higher salary; to be

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<sup>41</sup> Interview Rosanna Barroso, WAC

<sup>42</sup> Interview Kin Tai Garment Co., Ltd

<sup>43</sup> Interview Kang Chandarot, CIDS

<sup>44</sup> Interview Jan Ovesen, Uppsala University

<sup>45</sup> International Labour Office (2005, p. 11)

<sup>46</sup> Interview Ros Harvey, ILO

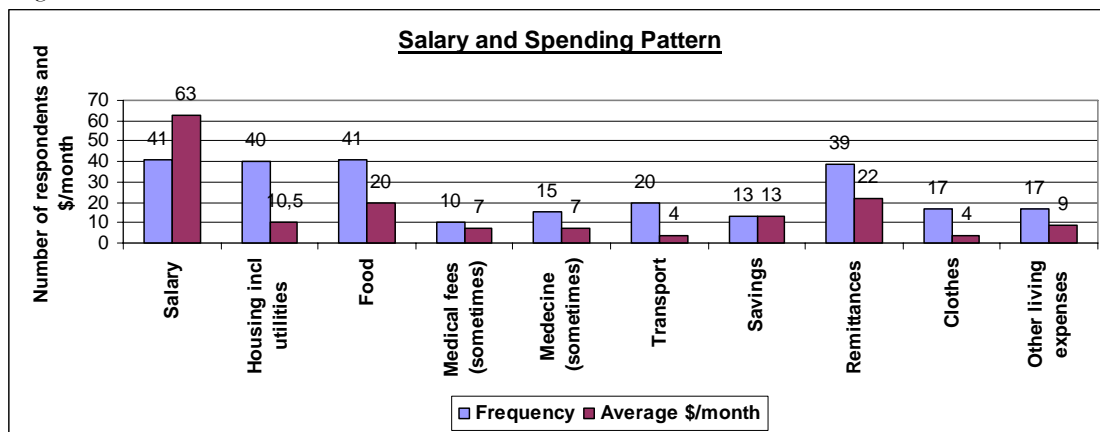
<sup>47</sup> Interview Ros Harvey, ILO and the Cambodia Daily Newspaper, 14 July 2000



able to send home more, to be able to save or just to cover their normal living expenses. Other comments touched upon how illness “eats up” the whole salary and that the workers want more buyers to contract their factory so that they can earn more money.

When workers were asked about their salary and spending their reported expenditures often exceeded their income but since their salary varies in between months their answers have been left intact. Adjustments have been made only where the income exceeds the spending and the respondent has stated some type of expense without being able to estimate a value. The graph below shows the frequency of respondents that reported to spend money on each expenditure post, and the total amount of money spent divided by that frequency.

Figure 10



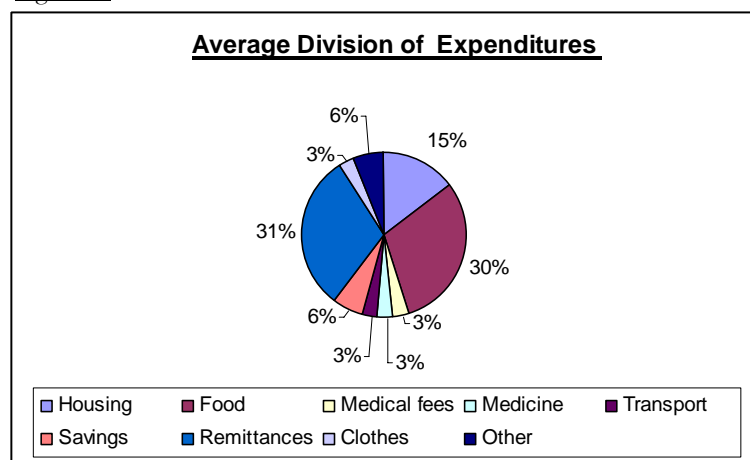
Naturally all the respondents had expenses for housing and food except for one respondent who lived for free with relatives. The average cost for housing of USD10, 5 includes electricity and water. All respondents, but the one who lived with relatives, lived in a rented room fairly close to their factory. Most of them paid a monthly rate that included water and electricity while some paid for this separately but in their case their costs for housing have been added up. The expenditures for housing are slightly overstated as 3 respondents paid a larger sum, up to USD30, and also received 2-3 meals of food per day. To the same degree the expenditures for food are therefore slightly understated. Important to note is that the cost for housing is the cost for one person who most often shared its room with 3-7 others who all paid the same rent each. One of the largest expenditures for the workers was food. The average worker paid USD20 per month for food. Often workers cooked themselves or they bought food at the food stalls close to the factory. When it comes to the medical fees and medicine these expenditures should not be regarded as monthly costs since many reported single-time fees or money they had to spend sometimes on their health. The average cost was USD7 for both medical fees and medicine. To spend money (monthly) on medicine seemed more common than doing so on medical fees and doctor’s appointments. Medicines included both “normal medicine” and traditional Khmer medicine. The expenditures for medical fees and medicines in this case consider costs for the garment workers themselves although some later said that some of the money sent home was used for the family’s health. The average monthly cost for transport was USD4. In most cases this was money spent to go home to the province with remittance money and/or to visit. Trips back home were made in between 1-2 times per month to 1-2 times per year or occasionally in the case of a family member’s illness. For three respondents (all male) money was spent monthly on gasoline for their motorbike. The cost for transport would probably be higher



for another sample given that all workers lived very close to the factory. Only 27% percent of the respondents saved any money. Savings ranged from USD5 a month to USD40, with an average of USD13. Three of the respondents saved money through participating in the interest-game Ton-Tin.<sup>48</sup> A common answer to the question of savings was “No, I send everything home”. Some said that their families saved some of the money they sent home. Others answered that they could not save because their health was bad. It became apparent that illness in many cases completely ruined the financial situation for the garment workers. A rather low frequency of respondents spent money on anything else but for basic living. An explanation might be that most Cambodian women’s attitude to money is that it is something you try to gather, not something to spend on luxury.<sup>49</sup> An average of USD4 was spent per month on clothing and USD9 on other living expenses. These included wedding gifts, “girl’s stuff”, things to parents when visiting, study fees, entertainment, powder milk for worker’s babies and various living expenses.<sup>50</sup> One garment worker spent as much as USD21 monthly on her baby’s powder milk while a couple jointly paid USD40 for their son’s powder milk.<sup>51</sup> “Entertainment” for one of the respondents meant taking a walk once a month and buying a snack.

The graph below shows the total expenditures divided by the total sample. It is very clear that the large share of worker’s salary is split in between remittances and food, followed by housing. When all the costs are divided like this in between all the workers regardless of individual spending patterns savings make up for a smaller share of the average worker’s salary. It is even more apparent that the main share of the salary covers basic living needs and remittances.

Figure 11



The highest expenditure for the sample was indeed remittances or money sent home. The best paid workers did not necessarily remit more in absolute terms than the less well-paid. The average worker monthly sent USD22 of its salary back home to the parents or the own family; that is 35% of the average salary. Looking at the households however one family said it received slightly more than what the daughter stated, another considerably less while some

<sup>48</sup>“Ton-Tin” is an interest game or investment game where participants all put money into a pot and bid for the right to use the money by promising the highest interest rate to the other participants

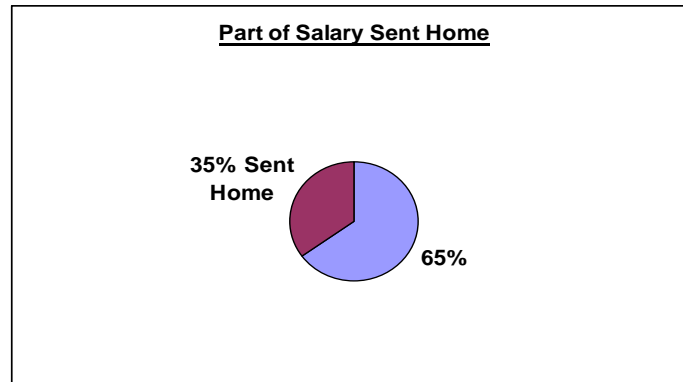
<sup>49</sup> Interview Jan Ovesen, Uppsala University

<sup>50</sup> It should be pointed out that the field work was carried out during a major wedding season.

<sup>51</sup> The main areas of non-compliance with the labor law in garment factories according to Ros Harvey, ILO concern nursing centers, child care centers and breast feeding breaks.

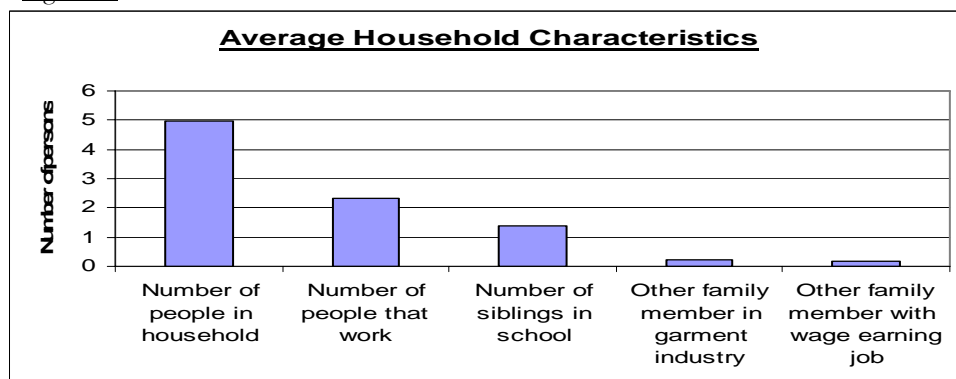
data corresponded with each other. One mother claimed to receive USD5-USD10 per month while the daughter said she sent USD10-20 per month. Another mother said she got USD10 monthly while the daughter claimed to send USD10-20. In another case the garment workers said she sent USD10 monthly while the father said that she sent USD5, USD10 or USD15 depending on how much she spent in Phnom Penh.

Figure 12



To understand the significance of the remittances sent home by the garment workers they were also asked about the remittance receiving household's characteristics. When asked about the number of members in their original household the large majority spontaneously included themselves, implying that they still regard themselves as part of the original family. It is believed that even though the garment workers momentarily are in Phnom Penh their identity remains a country-side girl.<sup>52</sup> According to the administrator in Kin Tai factory one worker can help feed and support 2-3 people in the countryside.<sup>53</sup> Looking at the characteristics of the remittance-receiving households the average household size was 5 people excluding the garment worker, with actual household sizes ranging from 1 to 12 members. Of those 5 people only 2 people engage in some kind of work; in most cases the parents. If one assume that those that work only produce enough to support for their own living this calculation might confirm the factory's estimation. About 1 sibling is in school on average. In many families siblings both work and go to school. It is not very common in the sample that the family has yet another migrated family member remitting money from the garment industry or any other wage earning job.

Figure 13

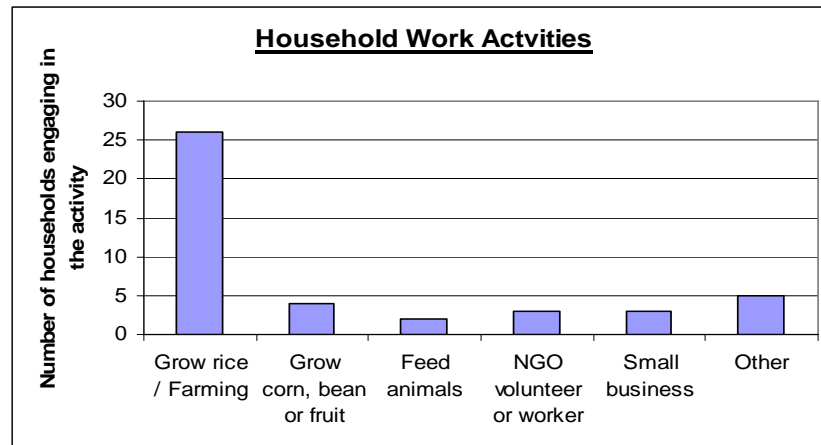


<sup>52</sup> Interview Jan Ovesen, Uppsala University

<sup>53</sup> Interview Kin Tai Garment Co., Ltd

The graph below displays the types of work activities engaged in by the family members still living in the province and/ or receiving money from the garment worker. Previous research has not specifically asked about work activities. Rather it seems to have been assumed that rice farming is the main or only activity as questions have focused on rice farming. Different activities are however likely to yield different usage of remittance money.

Figure 14

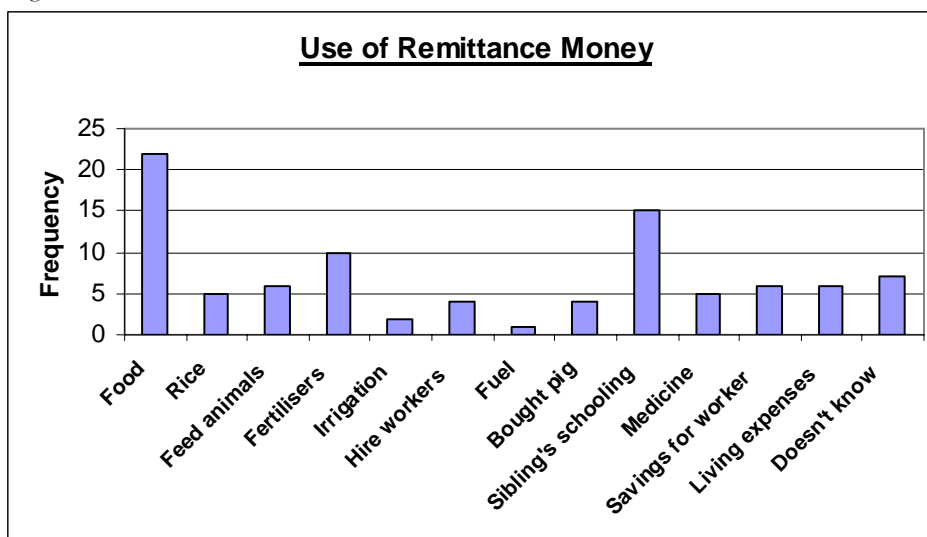


As can be seen in the graph most families do farming and grow rice for a living. Some however also grow other crops such as corn or bean or fruits. To feed the family's pig and cow was also seen as a work activity and often it seemed as if one person was responsible for this. Other activities included growing fruit, fishing, producing rice wine, NGO work, making scarves, driving a moto taxi and chicken breeding.

Most respondents could not tell how much the family earned in either money or products; either because they did not know or because they found it difficult to estimate. 26% of the respondents answered that the family earned rice to eat; sometimes enough to support their living and sometimes less than enough. 20% of the respondents estimated the family rice harvest to be in between 1-3 tons of rice per year. Only 1 respondent said that the family harvest was above this level. Three respondents estimated a monetary value for the family income; USD50, USD250 and USD500 respectively per year. Others referred to the income derived from cows and pigs.

The use of remittances in the receiving households has not been asked before directly to the garment workers to the author's knowledge. It is however interesting first as an indication of the worker's knowledge over the use of their salary but also as a complement to the closed tick-questions that have in previous research have been posed to households.

Figure 15



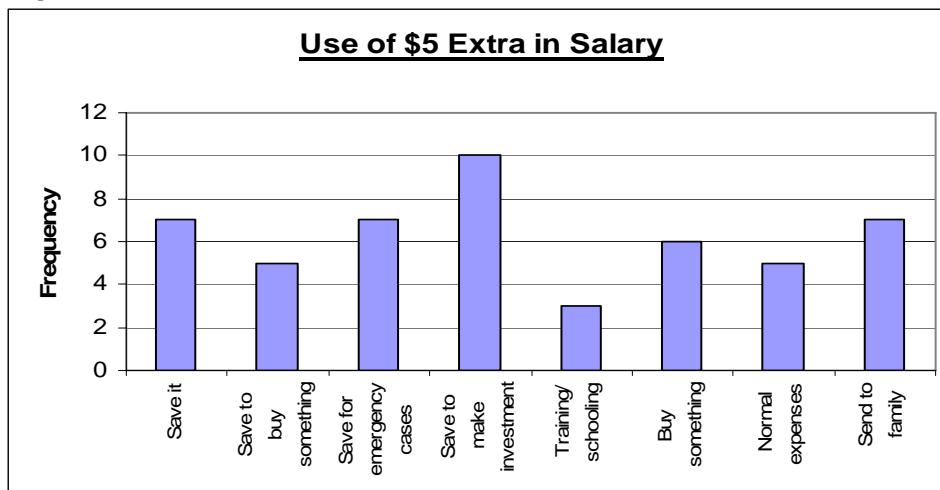
The highest use frequency is for food. Over 50% of the respondents said that the money they sent home was used to buy food. Rice could be seen as equivalent to food but respondents often separated these two; probably because some of the rice bought was intended as seeds for the fields. Many also spent money on the rice fields in the form of fertilizers, irrigation, fuel and hired workers to help out with the harvest. To buy a pig for the money and to feed the pigs and cows seemed to be regarded an important investment. The second highest use frequency was to pay for sibling's schooling. Both sisters and brothers seemed to be sent to school. Some workers said or believed that their family saved some of the money for them. It is likely that it is seen as more safe to keep the money in the province than in the city. Money was also used to pay for medicine, often to sick and old parents. Surprisingly many respondents did not really know what their money was used for. Looking at the mirror data there were some important differences in between the use the garment workers reported and what the family claimed to use the money for. One girl said that her family used the money for her sister's schooling, everyday expenses and food while the father said that he hired people to grow the rice. Sometimes he hired 10 people who all got USD1, 75 per day but he said that his daughter's money was not enough so he also borrowed USD150 per year from other families. He however said that the most important use of the money was fertilizers and living expenses. Another girl thought her parents spent the money on feeding the pig and her sisters schooling while the parents only said that they spent money on rice. Another girl knew that her mother hired people to work in the farm and she thought the mother hired about 2-3 people. The mother told that she hired about 5 people during the 2 and half months of harvest, for USD80. Two more girls did not know that their family hired 1-3 people to work in the field for the money they sent home; they thought it was used for rice and food. Another garment workers said that her family spent money on food, "just for living", for siblings schooling and that when they could they saved for her. The family only reported to spend the money on food and medicine. Yet another girl thought her family saved some for her but this was not mentioned by the family. The mirroring data showed that often the girls remittances was even more significant for the family's situation than the garment workers seemed to be aware of and that the remittances

in many cases only was for the livelihood of the family since none of it was saved. WAC argued that most remittances to families are used to pay off family debt and that many workers feel that the remittances have no long-term effects, rather they just function as a way to survive for the day.<sup>54</sup>

Interesting to note is that the sample respondents that did not send money home were all male. Two respondents said that they never send home money but sometimes ask their family for more money when their own salary is not enough. The third said that he only sends money home for very special occasions like the Khmer New Year. This finding was reinforced when looking at the households where migrated male siblings did not support the family other than for special occasions. It is expected of daughters to take care of their family and women think more about their family than men do according to WAC.<sup>55</sup> When the women marry however remittances often come to a halt because then they are to provide for their own family. Many women however keep on caring even after marrying while men only care for their new family according to WAC. A former garment worker at WAC told about a friend who was about to get married when the father asked her if she would then stop sending them money. The girl faced with this dilemma chose to call off the wedding to keep on providing for her parents. That married female workers continue to remit money was both confirmed and rejected looking at the sample. The two men with an own family in the sample however did not remit any money to their parents. One of them did not even remit money to his own child.

To sum up worker's salary seemed to be split in between expenses for supporting basic living needs and money sent home and surprisingly little seem to be spent on consumer goods. Therefore it is interesting to look at how the garment workers would use any extra money. To find out about areas that the garment workers would wish to spend money if they had the resources they were asked what they would do if they were given USD5 more than normal in salary one month. This is another question that has not been asked before but which provides some interesting insights. Some respondents gave several answers why the frequency is higher than the total sample.

Figure 16



More than 85% of the respondents answered that they would save the money for various reasons. It is interesting to compare this result with the actual savings level which is not very

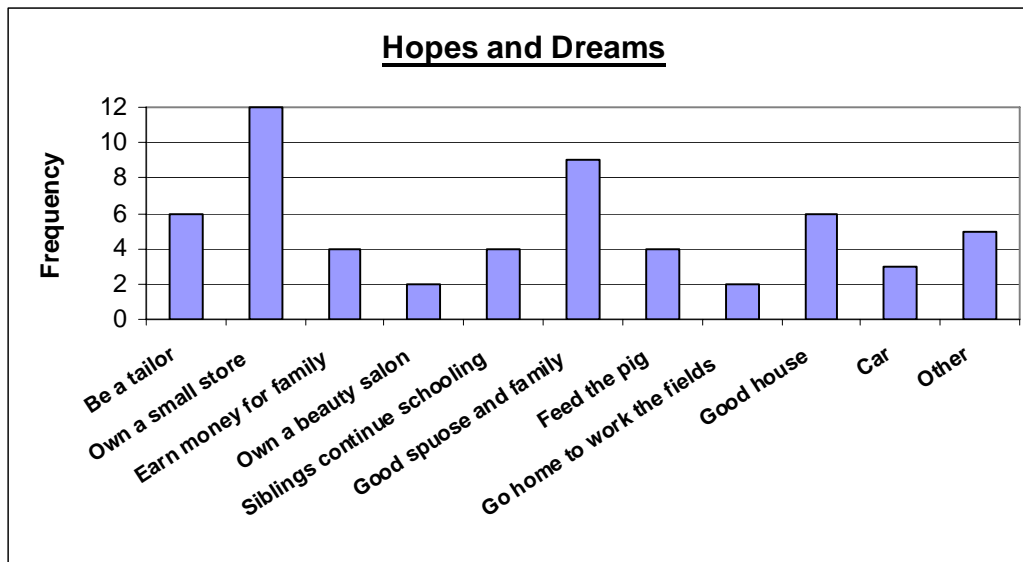
<sup>54</sup> Interview Sim Socheata, Ly Phearak and Chrek Sophea, WAC

<sup>55</sup> Interview Sim Socheata, Ly Phearak and Chrek Sophea, WAC

high. There seems to be a great willingness to save money but a lack of resources to do so. This is also reflected in the fact that many respondents would spend the money on their normal living expenses or save it for emergency cases such as health problems. Most of them however would like to invest in some kind of business activity, either to make their money grow (by lending them to a friend with interest rate) or to be able to open up their own business. Three respondents would like to invest in their human capital and do some training or study. Even though some respondents would buy something such as shoes or jewelry for themselves a higher number of respondents would send home also the extra money; “so that the family could get 25 instead of 20 one month”.

Many respondent’s could at first not answer the questions of their hopes and dreams for the future and said that they had no hopes or dreams but when given time most came up with something. Some respondents even gave several answers why the total frequency is higher than the number of respondents.

Figure 17



There was a strong desire by many to engage in small business entrepreneurship. Most of the garment workers dreamt about opening up a small store in their homeland. Some also wanted to become tailors or designers; either in the province or in Phnom Penh. There are cases where garment workers go back to the rural area to run a tailor business according to MOWA but this is not a good business to run in the rural area because the second hand clothes are so cheap. Sewing is mostly seen as a temporary work and the skills in the factory are different from the skills needed to be a tailor.<sup>56</sup> That most girls had no plan of continuing a sewing career and the girls that wanted to said that they needed money to do some training to be a tailor confirmed this. Other business ideas included open up a beauty salon. Others just wished they could earn more money for their families and that their siblings would get a higher level of schooling than them. Some dreamed about going home to the province and work in the fields or feed the pig that their families often had bought with their garment salary. Many dreamed about having a good and nice husband that could support for the family. Some implied that being a garment worker made this difficult and one girl said that “no one looks at you if you are poor”. Others hoped for a big house or a car. Not

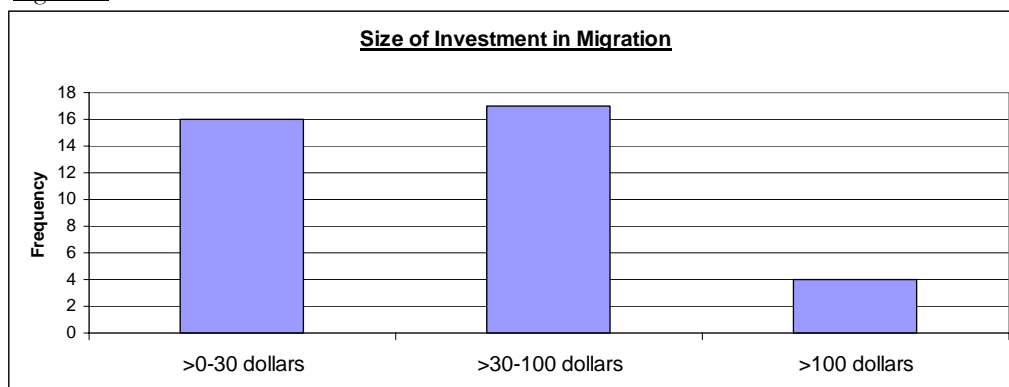
<sup>56</sup> Interview Sok Chan Chhorvy, MOWA

categorized answers in the graph include a business idea for the province, having an animal, travel by aero plane and respondents unable to give an answer. Also the households had a difficulty stating what hopes they had regarding their daughter's futures. Five out of eight households answered that they had no hopes, were not sure or did not think about it. Three expressed that they wanted the girls to stay in the garment industry. One father said that it would be impossible for the daughter to come back because the rice harvests have been bad for several years. The daughters that belonged to these households were among the respondents that had no hopes or dreams or expressed that working in the garment industry was their only choice. The mirroring data points to the migration being a household decision taken out of necessity. Being a garment worker is considered a short-term employment according to MOWA. Most people prefer to have their own business in the province but when they have no choice they migrate for a while. Parents are not happy about sending their daughters away but have no choice.<sup>57</sup>

A major problem with previous surveys on workers origin is that respondents are asked where they come from, but not for how long they have been in the city looking for a job.<sup>58</sup> Identifying the fact that migration requires some kind of resources and that workers have to spend some time before finding a job the respondents were asked whether they or their family had made any investment into their migration. To the author's knowledge this is an aspect that has not been surveyed before although it offers important insights into the mechanisms of migration.

More than 90% of the respondents stated that some kind of financial investment had been made into their migration.

Figure 18



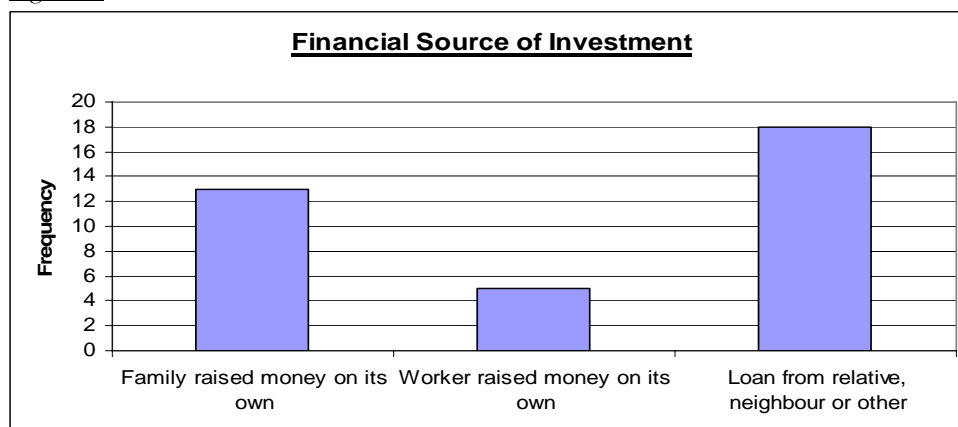
The average sum invested for the sample was USD125 which is about equivalent to two monthly garment worker salaries. The investments however ranged from USD10 to USD600 (during one worker's first two years). The highest investments were made by the male respondents. One man said it took a long time for him to find a job because the employers did not want to hire a man. Another young man told that he got USD200 from his family, who before the parents got sick could earn good money, and that he had to spend a lot of time looking for a job because of his "aggressive behavior". Most sample respondents stated investments ranging from USD30-100 but many also invested smaller sums of money. The time it took for workers to find a job ranged from 1 day to 7 months. No matter how long time it took for workers to find a job it was apparent that at least some financial investment into the migration was necessary.

<sup>57</sup> Interview Sok Chan Chhorvy, MOWA

<sup>58</sup> Interview Ros Harvey, ILO



Figure 19



The most common way for families and workers to finance the investment was through a loan from either another family member or someone in the village but a substantial share of the respondent's families had raised the money on their own. Regardless of whether a rural family borrows or raises USD100 to invest in a daughter's migration this implies that there is both a willingness to take risk but also a great belief that an investment will become profitable in the long-run. One respondent whose parents raised USD25 on their own said that now she gives back to the family through her remittances. One mother who invested USD100 into her daughter's migration said she was confident that the daughter would be able to find a job and that it was worth while to do this investment. She also added that she had no choice but to pay for her daughter to get a job. Another indication of these results is that among the migrant-sending households there is a widespread access to micro-credit as well as family resources. Without such access migration is not likely to take place.

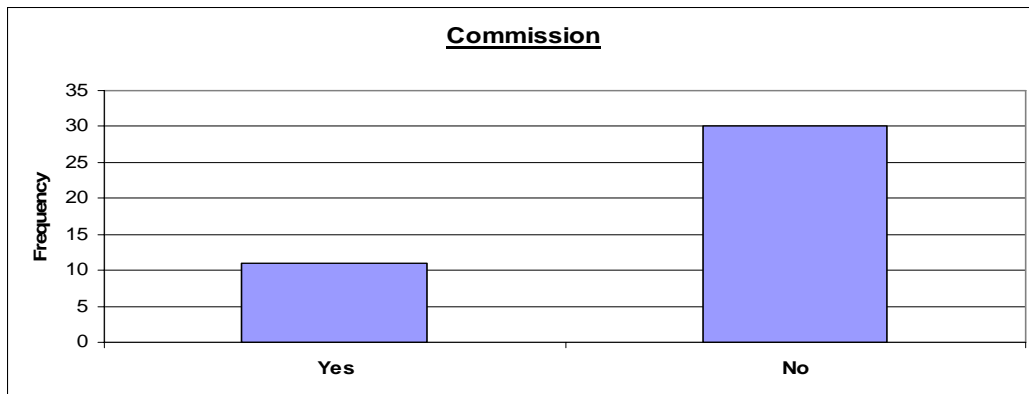
The investments made in migration are however underestimated as many workers could not remember exactly how much they spent or received from their families their first time looking for a job and since the calculation does not include the interest rate paid by some of the families who borrowed money. The most common stated level of interest rate was 10% per month but most did not have to pay interest as they borrowed from other family members. Only 1 respondent said that the family was still in debt after borrowing money for the migration. This family initially borrowed USD10 a year ago and later more, to support their daughter during the 3 months she looked for a job. Others did not know whether or not the family was currently in debt or how long it took the family to repay the loan. Interesting to note the garment workers when asked about the investment into migration only reported about the sum of money their families gave them, the amount of money they spent on food or how long they looked for employment while some of the provincial households interviewed were more specific about what type of costs the money had to cover. The families told how money was needed to make blood tests, an ID-card and other documents needed such as a family book to get an employment in a garment factory. Only one garment worker told about what documents and test she needed to pay for. Probably for this reason there were some discrepancies between the garment worker's answers and the families. One garment workers said her family supported her with USD15 while the father said he invested USD30. Another girl said she got USD25 from her mother that the mother had borrowed from the grandmother while the parents claimed to have



invested 50. Her father said that both his daughters got USD50 each to go to the garment factories and more than this he could not afford and he had to work hard to earn that money. Yet another girl said she got USD50 from her mother while the mother claimed to have raised USD100 for her daughter. The mirror data thus revealed that the overall investments might even be double as high if the garment workers in general do not include all the costs of their job migration.

In addition to being asked how they acquired their employment all workers were additionally asked whether they paid any commission to someone for their job. Interestingly the frequency of people that paid for the job was then significantly increased even though the majority had not paid for their job.

Figure 20



The sum of money that was paid ranged from USD10 to USD130. The average sum paid for the sample amounted to USD62, 5. This is significantly higher than the average of USD38 found in a Cambodia Development Resource Institute (CDRI) study that on the other hand found 50% of the garment workers to pay for their job.<sup>59</sup> This study is also referred to by the ADB.<sup>60</sup> The respondents reported paying to tailors for sewing training, to people in the factory administration, to supervisors, friends, team leaders and recruiters. In one interview a garment worker with a friend working in the Human Resources (HR) department in a factory told how the decision makers in the factories are the team leaders, so when HR tell them that they should hire people they in their turn tell their friends from their home village etc that they need people and then girls go to this team leader and sometimes they pay. The “entrance fee” as many workers refer to it is part of the investment made into migration and the interviews with the households and the workers revealed that some families beforehand knew about this entrance fee and therefore early on borrowed money to pay for it. This can also be contrasted to the CDRI survey that found that 57% of the workers took out a loan to pay for the “fee”.<sup>61</sup> Many workers pay to corrupt people within factories’ administration or Human Resources department in order to get a job and they pay as much as USD150-USD200 according to the garment worker’s union CCAWDU. Women typically pay USD50-USD100 while men pay USD100-USD200. Men have to pay more because the employers do not want to employ them because of fear that they will start strikes and protest against working conditions.<sup>62</sup>

<sup>59</sup> Sok, Chea and Sik (2003, p. 52)

<sup>60</sup> ADB and Ministry of Commerce (2004b, p. 61)

<sup>61</sup> Sok, Chea and Sik (2003, p. 52)

<sup>62</sup> Interview Ath Thorn and Chon Sokha, CCAWDU

To sum up many garment workers invest substantial amounts of money into their migration and/or to acquire employment in the garment industry.

## **Insights from the remittance-receiving households**

Most garment workers come from either Kampong Cham or the Prey Veng Province according to many experts. The migration history of Kampong Cham and Prey Veng goes back to 1997 when the first labor seriously started to migrate to Phnom Penh's garment industry.<sup>63</sup> These two provinces are neighboring provinces situated close to Phnom Penh but they are very different when it comes to natural and agricultural conditions.<sup>64</sup> The Kampong Cham province constitutes a very good agricultural environment and the conditions are fruitful. The soil allows for a variety of agricultural products being grown and as a consequence many trading activities occur. Most people live above the subsistence level and the living standard is higher than in the other 24 provinces. There is therefore also a higher savings rate than elsewhere. Furthermore the geographic and natural conditions allow people to change location more easily since infrastructure is better. Remittance money sent to this province is therefore believed to mostly be used for productivity-raising investments such as buying fertilizers, seeds, plants etc. Some money is probably also used for consumption and savings, because money is considered more secure in the province than in Phnom Penh. On the border to Vietnam in Prey Veng on the other hand most families suffer under national conditions. Flooding areas are very common and the drought season is longer than in Kampong Cham. Infrastructure is poor as the flooding hinder the construction of roads etc. As a result people are very poor. Even if they experience a good season the money they earn can barely pay back their loans. To be able to repay their loans people therefore send their daughters to the garment factories in Phnom Penh. Some of the money sent home to Prey Veng is probably spent for consumption but all surpluses are believed to go to "financing the past".<sup>65</sup>

The girls whose families were visited in Kampong Cham stated that their reasons for migration was that they had nothing to do but to work in the fields and that they wanted to go like other girls to earn money for themselves or for the family; "so my mother could hire people to work in the fields". When asked about feelings of relative deprivation before the migration of their daughter three out of four households from Kampong Cham said that their economic situation before was the same as others around them, or slightly worse or better. When asked about the feeling of relative deprivation after the migration three households answered that now their situation was the same as others, but that the family was better off than before. One family said that they now had a better situation than others. The garment workers whose families were visited in Prey Veng stated that they migrated because of bad harvests, lack of job opportunities and a poor family. Two households said that life was really hard before their daughter's migration and that their situation compared to others was worse. A third household also said that it was really hard before but since they could not get good rice harvests, not because of the daughter not being in the garment industry. The fourth single-headed household said that before the daughters migration he had someone to help him do farming and the economic situation was the same as for others in the neighborhood. The feeling after the migration for all the households was that life now was better and when it came to feelings of relative deprivation one household said that it was still

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<sup>63</sup> Interview Bruno Maltoni, Royal University of Phnom Penh

<sup>64</sup> Interview Men Sothy, Ministry of Agriculture

<sup>65</sup> Interview Kang Chandararot, CIDS

worse off compared to the others while the remaining now considered that they had the same situation as others.

The average investment into migration of the households was about double as high for the Prey Veng households. This could be an effect of infrastructure being worse in Prey Veng. While two of the households in Kampong Cham raised the money on their own all the Prey Veng households borrowed the money. Only one family in each province was currently in debt. In Kampong Cham this was because the rice had not yet been harvested while the family in Prey Veng said that since the rice some years does not grow very well, they have to borrow money.

When it came to work activities the hypothesis that agriculture would be more diversified in Kampong Cham was not confirmed by the small-scale sample. All but one family in Kampong Cham grew rice as their main activity while one family produced rice wine. In Prey Veng all households grew rice but one family also reported growing corn and bean and two families made scarves. Looking at earnings, the rice-growing families in Kampong Cham produced in between 2, 5 and 6 tons of rice per year which must be regarded as very good harvests. The rice wine producers said that they had no profit. They used the money to buy more rice and to feed their pigs. In Prey Veng however three households said that they only earned enough for themselves to eat and some years less than enough. One father said that he earned “just enough but not more”. A fourth family earned USD50 during 6-7 months, which is not a considerable income.

All household but one in Kampong Cham used the remittance money for making investments into their farming. They hired people to help them grow the rice and bought fertilizers. One family also paid for the son’s schooling and used to pay off debt after investing in migration but now the debt was repaid. If they could receive 5 dollars more in remittances one month three of the households in Kampong Cham would save the money for the family or the daughter. One household would use it for food and other expenses. In Prey Veng remittance money was used to pay for food and medicine in three of the households. It was also used for irrigation and sibling’s schooling, to buy crops and for hiring help for the farming in two of the households. The most important use of the money was however said to be food and medicine in all households but the single-headed one where hiring labor was seen as the most important use. If the households in Prey Veng could get USD5 more in remittances they said that they would spend it on food “because now the food is not enough”, and/or on normal expenses because “there would still not be enough to save”. The single father said that he would save the money for him and his daughter to have for emergencies and special occasions.

Personal comments from the Kampong Cham households were that things are getting better for the family thanks to the daughters remittances, that the daughters remittances are good so that there is money when needed although and that with the daughter’s salary the family is better off; they have rice and some extra money for living expenses. In Prey Veng some comments were that life is very meager despite the money from the garment worker, that the salary from the garment workers is not enough to support the family and that the family lacks people to help out at home.

Although the households only can be regarded indicative examples it is still interesting to see how the different natural conditions tend to affect both migration decisions and use of remittance money. In the case-study of Kampong Cham migration seems to be a way to raise the standard of living and remittance money is used to invest in the agricultural activities while migration from Prey Veng seems to be a necessity due to bad harvests and remittance money is mainly used to feed the family and for health care.

## Analysis and mechanisms at work

To gain deeper knowledge about the mechanisms at work it is useful to consult literature on migration and gender. Theory predicts that people migrate driven by a will to form a better life than their current situation. While some move in order to survive others migrate in the search of a higher quality of life.<sup>66</sup> This points to both push and pull factors being important reasons for migration.

Neoclassical theory relates the rates of migration solely to income differentials. Migration however demands that the individual bear certain costs such as the costs of traveling, moving and living while looking for work. This is recognized in a framework that relates migration to returns of an investment. Migration is then considered an investment in human capital where people choose to move to where they can be most productive given their prerequisites.<sup>67</sup> The necessity of an investment implies that better off households are more prone to engage in migration. Even though better off families *can* migrate because their financial situation allows it they however most often don't. Poor families however are believed to always want to migrate but they *cannot* due to financial constraints.<sup>68</sup> It has been hypothesized that rural-to-urban migration in Less Developed Countries (LDCs) mainly is undertaken in order to improve the comparative position of an individual or a household with respect to others in a relevant reference group, such as a village.<sup>69</sup> One can expect relatively more deprived persons to have stronger incentives to migrate than a relatively less deprived person. As some individuals migrate the relative deprivation felt by non-migrants may also change and accelerate migration.<sup>70</sup> This contradicts the idea that migration takes place among the more well-endowed individuals. The wealth hence seems to decide the intention to migrate while financial constraints decide whether it is possible.

To a certain extent all migrants are influenced by the situation of people around them and in particular by the economic situation of their families.<sup>71</sup> Strong theoretical and empirical reasons suggest that the decision making entity often is the family of the migrant individual. Migration will occur when it provides a reduction of the total familial risk through a diversification of income earning sources. An example of direct returns to the family of a migrant are the remittances sent home. Both theory and empirical evidence support that the phenomenon of remittances is explained by an inter-temporal contractual arrangement between the migrant and the family rather than by pure altruism.<sup>72</sup> It is also important to consider that in many cultures daughters are controlled by the parents to a larger degree than are the sons. The migratory behavior of women is thereby likely to be more influenced by the family than that of men.<sup>73</sup> Often female migration in Cambodia is a response to poverty in the rural household and female migrants more often than male state family-motivated reasons for migrating, since migration offers an opportunity for women to fulfill the ideals of a dutiful daughter. Through migration the woman can contribute to the household economy and help accumulate family wealth. It is however also important to recognize that

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<sup>66</sup> Acharaya (2003, p. 1)

<sup>67</sup> Massey et al (1993, p. 434)

<sup>68</sup> Interview Kang Chandarot, CIDS

<sup>69</sup> Stark and Taylor (1991, p. 1164)

<sup>70</sup> Stark and Bloom (1985, p. 173-174)

<sup>71</sup> Lauby and Stark, p. 473

<sup>72</sup> Stark and Bloom (1985, p. 174)

<sup>73</sup> Lauby and Stark (1988, p. 473)

Cambodian women's motivations for migration often is related to individual desires of economic gain and that the success stories of other women may serve as an influence.<sup>74</sup>

This swift literature review can be constructive when reviewing the findings in relation to previous research. The results presented in this paper cannot be regarded as anything else but indicative examples. The research of ADB is contrarily large-scale and extensive and results are based on a representative sample. It might however be useful to complement such a broad study with some insights from small-scale research and given the opportunities a large representative study presents some additional areas of research could be wished for.

The main mechanism behind the feminized workforce that was found in both surveys seems to be the traditional Cambodian gender roles and discrimination against men. Any further migration is likely to also be affected by the ruling structure of the workforce as daughters are believed to be more likely employed than sons.

At large expenses were similar when comparing the findings of this study to the ADB findings but this survey particularly stress that income seemed to split in between food and remittances and that a very small share of the respondents spent money on consumer goods. Medicine was found to be a major expenditure for employees by ADB and although this survey acknowledges that illness and health problems often ruined the financial situation of workers, medical costs were found to be more of one-off events than regular monthly costs. This suggests the possibility that the ADB survey does not capture differences between monthly and isolated expenditures due to the closed structure of the questionnaire. By asking for actual expenditure levels, this survey provides insight into the struggle for garment workers to make ends meet. Often the amounts of expenditures exceeded the income. Looking solely on income levels the garment workers seem to be relatively well-paid. Compared to the salary of civil servants garment workers seem to have a very high salary but important to note is that the salary of civil servants is supplemented by other types of payments; i.e. corruption.<sup>75</sup> A closer look at the living costs in Phnom Penh and the amount of money spent on basic living costs and remittances reveal that the life of the average garment worker often is a constant struggle of overtime and piece rates. While the ADB recognizes that overtime is very frequent and necessary to reach certain income levels, this survey provides specific information on how much overtime the garment workers do. Many worked considerably more than the legal and "standard" of two hours overtime per day. Savings was not very frequent but the willingness to save and invest into own business ideas was found to be very large, should the salary be only slightly higher.

Although found a principal activity, the survey showed that households not only engage in rice growing. Surprisingly many respondents had no knowledge of what their remitted salary was used for in the province which could indicate that the remittance obligation is very strong and seldom questioned. Most workers however reported that the money was used for food and investments into the rice fields. Money was also spent on sibling's schooling. To some degree it hence seems that the remittance money contributes to productivity-raising activities in the province although a large share of money is used to reach subsistence levels. Insights from the household data on feelings of relative deprivation implied that the migrant sending households tend to feel slightly worse off or in equal situation as those surrounding them. Remittances from the migrant often contributed to

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<sup>74</sup> Derks (2005, p. 63-77)

<sup>75</sup> Interview Ros Harvey, ILO

households feeling better off in absolute terms, less relatively deprived and more on equal terms with their neighborhood.

While many of the survey's findings on the reasons for migration are similar to the ADB in that many migrate because of an economic need of the family and underemployment in the province the ADB study does not at all consider possible pull factors. A rather high frequency of respondents stated that they migrated to earn more money and the garment sector seems to be the main pull factor for migration into Phnom Penh. For some respondents with poor families migration was probably a strategy for survival and the push factor bad agricultural conditions in the homeland. For others the garment industry probably functioned as a pull factor and they migrated because of prospects of higher earnings and a higher quality of life. Some insights gained from the survey in this matter include that the Cambodian notion of womanhood makes women volunteer to serve the family's need. Migration is thereby somewhat of an indirect household decision.

The survey confirms the ADB finding that garment workers were found to migrate in groups and often have relatives employed in garment factories. It has furthermore been recognized that social networks may be more important for women than for men. The survey also reveals that the ways to recruitment are many and not always as straight-forward as displayed in the ADB-study. Additional insights into the amounts of commissions paid in order to attain a job have been provided. The rate of commissions confirms the ADB findings but the levels paid were found to be considerably higher than what previous research has found. Although recognizing that some type of social contacts is important for migration and that some workers pay to be employed, the ADB survey completely disregarded that economical resources also are needed and that financial investments are likely to be made into migration, also by those that do not pay commissions, since most have to spend at least some time looking for a job. By surveying this aspect this study has been able to provide several important insights into the migration patterns of garment workers. The high share of workers that declared to have made a financial investment into migration, the high amount of money invested and the fact that many families raised the money on their own suggest that migrant sending families cannot be among the poorest in their communities. That the investment to a larger degree was financed through loans from relatives and neighbors shows that there is access to credit markets among migrant sending households. It also shows that migration is not only available to the top-end households in the villages; information and resources seem to reach also lesser well-off households. It is likely that migration will be less frequent for those without access to social networks or money that can be invested into the migration and thereby it would be interesting to further study the migration history of different provinces. The ADB study found that remittance money often is used to pay back debt but neglects that this debt may have come up due to investments into the actual migration. Another insight gained is that remittances may even partly occur so as to repay the family's investment into the garment worker.

This survey has through its mirroring data furthermore shown that there systematically are large discrepancies in between quantitative and qualitative answers from garment workers and their households. Some answers probably tend to be under- or overestimated do we not have contrasting data as a comparison. Garment workers' investment in migration is an important aspect that should be investigated further but the mirroring data has shown that this aspect might even be more important to study at the household level. The mirroring data also suggests that it might even be risky to trust the

garment workers reported levels of remittances. It is possible that such data is overestimated due to the heavy expectations placed upon these young women.

The study has also pointed to the possibility of differences in migration mechanisms for different provinces. The ADB study has extensive data from both the provinces investigated in this survey but unfortunately any similar insights cannot be made based on the ADB study as the data from the two provinces has been pooled. Such a procedure might even be considered methodologically wrong should the hypothesis and insights brought forward in this survey be true also for larger samples.

## **Conclusion**

The most important insights from this study include that any research into migration and spending patterns of garment workers must recognize the fact that migration requires some kind of financial resources. As many as 90% of the garment workers in the sample had invested an average of two monthly salaries into the migration, and there are reasons to believe that this is an underestimation. This is an aspect that previous research has disregarded, and consequently the related underlying mechanisms influencing migration- and remittance behavior have also been neglected. It has been shown that the migrant sending households have access to resources and credit markets and consequently are not among the poorest households. Migration either serves as a means to ensure the subsistence level or to pursue a higher standard of living. The study has also shown that although the garment workers' salaries at first glance may appear relatively high their living expenses and remittance obligations do not leave them with much more than a subsistence living. Apart from food vendors, landlords and families it is difficult to identify any other group benefiting from consumption linkages. Additionally the study has pointed out that one must be cautious in trusting one-sided data as mirroring data showed that there are large discrepancies in between both quantitative and qualitative answers from garment workers and the remittance-receiving households. Finally the study has indicated that the motivation for migration and the use of remittance money is likely to be very different depending on work activities and natural conditions of the migrant-sending destination.

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## Appendix

### Questionnaire to garment workers

#### Demographics

- Gender, Age, Origin, Live place, Marital status, Children, Education

#### Work Characteristics

- Work position/ Task, Employment status, Years in factory, Previous experience from industry
- How did you get your job?
- Did you pay to get this job? How much?
- About how many hours do you work in the factory per day?
- How many hours of overtime per day?
- How many days do you work each week?

#### Income and Spending

- About how much do you earn each month?
- What is the cost per month of your housing including utilities?
- What do you buy for your salary?

#### More specifically;

- How much do you spend on food and other expenses each month? Cook or buy?
- How much do you spend on doctor's consultation fee and medical fees each month?
- How much do you spend on medicine each month?
- How much do you pay on transport each month?
- Do you save money? How much each month?
- Do you send money to your family and relatives? How much per month?
- If you one time got 5 dollars more in salary, what would you do with them if it was only up to you how to spend it?

#### Household characteristics

- Where does your family live?
- How many people are there in their household?
- How many people in your family work?
- What do the people in your family work with?
- How much does your family earn per month from their work? If not money what type of products?
- What does your family buy for the money you send home?

#### Migration

- Why do you work in the textile industry?
- Did you or your family invest any money in your move to cover your costs before you found a job? How much? Was this money borrowed or not?

#### Personal

- What are your hopes and dreams for the future?
- Is there anything else you would like to add about your salary from the textile and clothing industry and how it affects you and your family's lives?

**THANK YOU!**

### Questionnaire to provincial families

#### Demographics

- How many members of your household/ family are working in the textile and garment factories in Phnom Penh?
- How many members are there in your household, excluding the people that have moved? (How many live in your home and eat together)
- How many people in your household work?
- What do you work with?

#### Income and spending

- How much do you earn, in money or products?
- Does your relative send you money? How much per month?
- Do you receive money from any other source than the factory employee? How much?
- How do you use the money your relative sends home?
- What is the most important use of this money?
- If you one month received 5 dollars more in remittances, how would you use that extra money?

#### Migration

- Before your relative went to the factory, did you feel that your wealth status compared to other households in your village was poorer, the same or better?
- Who decided that the relative(s) should move?
- Did you know anyone else working in the factories in Phnom Penh before your relative moved? Did this person help you in any way?
- Did you support your relative with any money when it moved? How much?
- Did you have to borrow this money? From whom? How much did you pay in interest?
- Is your family in debt now?
- How long do you hope your relative will stay in the factory?
- If you would compare your wealth status now with other households in your village, would you say that it is poorer, the same or better?

#### Personal

- Is there anything else you would like to add about how your relative's salary from the textile and clothing industry affects your family's situation?
- What do you hope/ want for the future of your relative that works in the factory?

**THANK YOU!**